

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

TIME OF DAY TARIFF FILING	)	
BY LOUISVILLE GAS AND	)	CASE NO. 8872
ELECTRIC COMPANY	)	

O R D E R

On August 1, 1983, Louisville Gas and Electric Company ("LG&E") filed time-of-day tariffs as required by the Commission's Order of February 28, 1982, in Administrative Case No. 203, The Determinations with Respect to the Ratemaking Standards Identified In Section III(d)(1)-(6) of the Public Utility Regulatory Policies Act of 1978. LG&E filed two tariffs, a large commercial time-of-day tariff ("LC-TOD") and an industrial power time-of-day tariff ("IP-TOD"). The LC-TOD tariff would apply to eight of LG&E's large commercial customers, which provide approximately \$7,300,000 in revenues. The IP-TOD tariff would apply to 16 industrial customers which provide approximately \$49,900,000 in revenues to LG&E. LG&E also filed a list of the customer accounts included in the time-of-day ("TOD") group; the billing impacts on each customer; workpapers supporting the calculation of the TOD rates; and a copy of the letter notifying customers of the tariff filing.

On August 10, 1983, the Commission suspended the tariffs and scheduled a hearing to allow full consideration of the tariffs. A motion to intervene was filed by the First National Bank Building Partnership ("Partnership"), which motion was granted. On September

9, 1983, the Partnership filed comments concerning its inclusion in the TOD group. A hearing was conducted on September 15, 1983, beginning at 10:00 a.m. at the Commission's offices in Frankfort, Kentucky.

At the hearing, Mr. John Hart, Vice President of Rates and Economic Research for LG&E, testified concerning the selection of customers to be included in the TOD group, the calculation of the rates, and the efforts planned to continue the education of customers with regard to TOD rates. Mr. James Cummings, representing the Partnership, testified that it was very difficult for commercial office buildings to shift electrical loads to the off-peak period. He testified that it would not be cost effective for existing office buildings to install equipment to take advantage of a lower off-peak rate, and he therefore recommended that existing office buildings be excluded from the TOD group. Mr. Chuck Buechel, Director of Research for the Commission, testified that the primary purpose of TOD rates was to track the electric utility company's costs and that a rate structure that tracks these costs would promote the Commission's rate-making objective of equity.

#### FINDINGS

The Commission finds the LC-TOD and IP-TOD tariffs proposed by LG&E to be reasonable and equitable. The rates are cost-based and better reflect the costs to provide service than non-time-differentiated rates. Further, the terms and conditions of the tariff are appropriate for the 1-year experimental phase of the TOD rates as

previously ordered in Administrative Case No. 203. Further, the tariff shall be applicable to all of the customers LG&E identified in its filing of August 1, 1983.

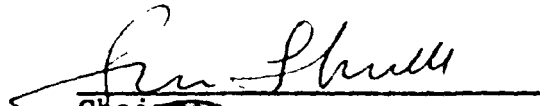
ORDER


IT IS HEREBY ORDERED that the proposed LC-TOD and IP-TOD tariffs submitted by LG&E on August 1, 1983, shall become effective for bills rendered after November 1, 1983.


IT IS FURTHER ORDERED that LG&E shall file with the Commission, within 20 days of the date of this Order, its tariff sheets approved herein.

Done at Frankfort, Kentucky, this 28th day of October, 1983.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Vice Chairman

  
Commissioner

ATTEST:

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Secretary